

22 August 2014

Mr Angus Thomson
Acting Chairman
Australian Accounting Standards Board
Level 6, 600 Bourke Street
Melbourne, VIC 3000

Email: standard@aab.gov.au

Dear Angus

ED 250 Investment Entities: Applying the Consolidation Exception

CPA Australia and Chartered Accountants Australia and New Zealand represent over 250,000 professional accountants. Our members work in diverse roles across public practice, commerce, industry, government and academia.

Thank you for the opportunity to comment on ED 250 *Investment Entities: Applying the Consolidation Exception* ('the ED'). We have considered the Consultation Paper and agree with the proposals that relate to questions 1 and 2 in the ED. With respect to the proposals relating to question 3, we have the following comments.

We note that an associate retains the fair value measurement when applying the equity method, whereas a joint venture cannot. This difference in approach is based on the premise that an investor has joint control over a joint venture whilst only significant influence is exercised over an associate. We believe that an investor in a joint venture will have to incur significant and unnecessary costs to unwind the fair value measurements presented in the joint venture financial statements. We therefore recommend that when investors are accounting for their interests, the approach should be the same – that is, the fair value measurement should be available – whether the investment entity is an associate or a joint venture.

If you have any questions regarding this submission, please do not hesitate to contact either Ram Subramanian (CPA Australia) at ram.subramanian@cpaaustralia.com.au or Michael Fraser (Chartered Accountants Australia and New Zealand) at michael.fraser@charteredaccountantsanz.com.

Yours sincerely



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